



Remarks For
The Hon. Steven C. Preston
Administrator
U.S. Small Business Administration

Delivered At The

**NATIONAL CENTER FOR AMERICAN INDIAN
ENTERPRISE DEVELOPMENT
21ST ANNUAL NATIONAL RESERVATION ECONOMIC
SUMMIT CONFERENCE**

Las Vegas, NV

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Thank you for the warm introduction.

I'd also like to thank the National Center for American Indian Enterprise Development for sponsoring this important conference. It's almost hard to imagine that this event has grown from a few participants and a brown bag lunch in 1987 to become the largest conference of its kind in the Nation.

Looking over the agenda, it is clear that you've worked hard to provide a valuable service to everyone here -- allowing you to garner important information to support your business as well as opportunities to network and actually conduct business.

I've been looking forward to this conference as an opportunity to continue a dialogue I began shortly after arriving at the SBA last summer. While I've met quite a few tribal and Alaskan Natives since then, one in particular stands out -- my meeting with Chad Smith, Principal Chief of Cherokee Nation.

After our conversation shortly after I came to the agency, I began to understand some of the issues you face, which are complex from so many perspectives. And I believe the SBA can do more to help you all on your path to small business ownership. The SBA:

- Lends or guarantees more than \$78 billion in loans and investments.
- It helps small business procure a fair share of government contracts, a record \$80 billion in 2005.
- Last year, the SBA and its technical assistance partners counseled and trained nearly 1.5 million entrepreneurs, and our website, www.sba.gov, received 26 million hits.

Nearly 20 million small businesses have received direct or indirect help from SBA programs since 1953, including some of the best known names in American industry. Intel, America Online, Outback Steakhouse, Apple Computer, Ben & Jerry's, Callaway Golf, Staples, Nike, and Federal Express, to name just a few.

We are a small agency but we have a very big reach, and we are working hard to ensure that we reach deep to help those in communities in our country the most – with higher unemployment and lower wages -- whether they are people living within the pockets of poverty of our great cities, or those living on millions of square miles of sparsely populated rural America.

With that objective in mind, I very much appreciate the name of your conference this year – “creating sustainable economies.” One of the reasons I believe the SBA has such a relevant role in underserved markets is that small businesses are usually the first and most abiding seeds in building sustainable economic activity. Entrepreneurs look for opportunity and find it where others don’t; they mold every dollar of equity they put into a business with \$10 of sweat equity; and then business isn’t just what they do, it’s who they are. Small businesses drive about half of the non farm equity in this country and create 2/3 of the new jobs. There is tremendous power to “create sustainable economies” through entrepreneurship.

You're probably asking yourselves right about now, “How does this impact my Nation...*My* community?” ?” I wish I could tell you that the SBA has played a major role in economic and entrepreneurial development in Indian Country. But the fact is, that has not been the case. This is not to say we haven’t provided assistance to Native people.

Non reservation Indians are able to access our 7(a) and 504 loan programs and the entire suite of technical assistance programs -- from business plan design to marketing plan development.

We can point to success stories such as S&K Technologies, located in the middle of Montana. Started in 1995, the company received their 8(a) certification in 2001. In addition to graduating out of the program faster than any company had done before, S&K was the first Tribal company to become a mentor in our mentor protégé program and, in 2005, become the first tribal company in the Nation to become a prime sponsor of a RES Conference.

Or take Choctaw Manufacturing and Development Corporation (CMDK). The CEO of this tribally owned firm was named the SBA's 2005 Minority Small Business Person of the Year. This highly successful 8(a) firm has grown from 50 to 200 employees.

But as you well know, stories like these are generally the exception, not the rule. Why is that? One reason is you need access to capital to start a successful business. And right now, there's no proven mechanism for doing that.

To help you understand the role of the SBA, I should point out that the agency doesn't actually make loans. Rather, we provide guarantees to the banks that make loans. And, because of the Sovereign status of Tribal Nations, very few banks make loans on reservations.

In addition, the reality is remote locations, substandard infrastructure, education, and access to technology, make Indian Country a difficult place to start and run a successful business. But just because these challenges exist, doesn't mean we can not be a valuable partner moving forward.

The Office of Native American Affairs at the SBA, in close cooperation with virtually every program office and department in the agency is working to assure that our resources available to aspiring business owners in major metropolitan areas are also available to Tribal members living in remote villages and reservations.

Last year, the Office of Native American Affairs worked closely with the Small Business Training Network inside the Agency to make on-line business training programs available through the network of Tribal Colleges & Universities located in Indian Country.

And you don't need to go to a Tribal College or University to access them. If you can get to the Internet, you can take advantage of these free, self-paced learning programs that cover many things you need to know to determine if business ownership is right for you, and how to start one.

In my meetings with Tribal leaders and executives from the Alaska Native Corporations I have heard repeatedly about the importance of the 8(a) program to Native firms in securing Federal contracts.

I understand, unlike 8(a) firms owned by individuals, Tribal and ANC firms use profits to strengthen community services such as education, healthcare and eldercare. I have heard stories of tribal employees starting a job, their first job and going on to become managers in the operation and how the 8(a) program provides a wider range of employment opportunities.

But I also know that the 8(a) process for certification is cumbersome and frustrating. That it takes a long time. That tribes have to pay consultants to complete the application and even then it can go on and on.

And that while you are waiting for certification, contracts you might have won are not available to you delaying the jobs and revenue so desperately needed.

This is unacceptable to me. I admit that after 24 years in business, I came to the SBA with a bias toward operational solutions because of my business background. It seems to me that when there is a problem in government, we often try to address it with a new policy, a new law, or a call for burdensome oversight, when the solution may be fixing a process – that is, an operational solution. We need to fix the 8(a) process.

For that reason, the Office of Native American Affairs will be completing a comprehensive assessment of Tribal 8(a) applications. We need to look hard at the root causes for approval delays, for sending paperwork back and forth many times, and for not giving small business that we are charged to serve with the kind of support they should expect from the federal government.

When I first came on board the SBA last summer, the Agency had a huge backlog of loans in process for victims of Hurricane Katrina.

You may not know this, in addition to being the lead agency for small business assistance. The agency provides low interest, long-term disaster loans to homeowners and small businesses, and, like many other levels of government — local, state, and Federal — it was overwhelmed by the 2005 hurricanes.

The agency received more than 420,000 loan applications and approved \$11 billion, almost three times the dollar amount of the next largest disaster in agency history. This demand surge left the SBA struggling to do our job.

When I arrived last summer, we dug into the agency's operations. We found a multitude of issues leading to high error rates, steep backlogs, and decision-making bottlenecks. Armed with this information, we reengineered our disaster loan processes.

- We moved 1,300 staff and revamped their work flow.
- We improved communication, reaching out to 90,000 borrowers in the Gulf, giving each one a case manager.
- Today, 98 percent of approved borrowers have received all of their loan funds, part of them, or chosen not to borrow. We have put over \$5 billion into the hands of disaster victims in the Gulf.

We want to apply the same rigor and systematic review of our 8(a) application process.

But the point is, we want to work with you to make our programs better, easier and more effective because we understand how important it is to you.

At the SBA we have other procurement programs that are valuable to you, specifically HUBZone and Small Disadvantaged Business programs that are particularly powerful for entrepreneurs, but I know the greater interest has been on 8(a) because of the no threshold, sole source component.

But while a \$20 million dollar contract is more attractive than ten separate contracts at \$2 million apiece, a diversified revenue stream is less vulnerable and important in creating a sustainable business. I've been told of Tribes that won a sizable contract, hired a large number of tribal employees, and then laid them off when the contract expired.

I hear that diversification is a major topic in Indian Country now. In addition to eliminating the danger of being dependent on a single industry, diversification creates a broader range of employment and career opportunities for members.

The challenge is in knowing what industry(s) or businesses to pursue. To that end, The Office of Native American Affairs, through the Red Wind Consulting Group and with assistance from Tribal leaders, economists, Native lawyers, entrepreneurs, corporate executives and leaders of national not-for-profits working in the heart of Indian Country is working to create the "Tribal Self Assessment Tool"

It will be done later this year; it will be made available to every tribe. It will be free and available on line. It is a tool to be used by the Nation to assess your vision and goals relative to your governance structure, your culture, your capabilities and the assets and resources available to you.

By investing in business and industries that are consistent with your unique culture, governance structure, way of doing things and taking advantage of the resources you have, there is a much greater likelihood the businesses will succeed, creating the jobs and delivering the revenue you need to assure sustainable Tribal economies.

In addition to diversifying Tribally-owned businesses, creating a strong entrepreneurial environment is a critical component of a stable economy.

Just last week Bill Largent told me about his participation at the “South Dakota Indian Business Conference” and how for two days Tribal leaders from 13 plains Tribes discussed and embraced the merits of creating an entrepreneurial environment in Indian Country. As Tribes take steps to make this reality, I can assure you, the SBA is ready to work with you in any way we can to assist in reaching this goal.

As I mentioned a moment ago, this will take access to capital, and we are working with numerous agencies, not for profits, and Native organizations to make loans available to Indian Country.

Along that line of reasoning, the White House now hosts a monthly meeting of the Native desks among the Federal agencies. It is called the White House Inter Agency Workgroup. Bill Largent, chairs a committee at that monthly meeting. It's called the Project Evaluation committee and its mission is very simple. It was created to help you finish projects you started that have the potential for significant economic impact in your Nation.

It's not complicated. They have no money or grants or any special program. What they have is a web site with a very straightforward one-and-a-half page submission form where you can tell them about an initiative already underway in your community.

Once the project has been evaluated by various subject matter experts in the agencies, you may be invited to Washington, DC to meet with government officials to help make your idea happen.

It's not high tech. It's not reinventing the wheel. It's not designed to replace the systems agencies have in place for dealing with requests. It's simply a way to make government a little smaller....a whole lot friendlier....and for those of you with desperate needs....more effective than it's been in years.

In just a moment, we are going to be introduced to a remarkable group of children who have created a highly successful business. I cannot tell you how deeply moved and encouraged I am by the fact that a group of young boys and girls, some as young as nine years of age -- and all from one of the poorest counties in the United States -- could find a way to create a company and a future that will serve as an inspiration and hope to others.

And in doing so, these young people are -- as they say on their website -- curing poverty and influencing the world. They are transforming one of the underserved markets I spoke of earlier, one customer....one sale.... one step at a time. When they came up against a hurdle, they faced it, overcame it, and moved on. That's what entrepreneurs do. A vision, and the determination to realize that vision, has no age or experience requirements.

Starting a business is not easy. Entrepreneurs must be willing to take risks others won't. They must work around the clock if necessary, often acting not only as the CEO of their company, but the head of sales, head of finance, and whatever else it takes to get the job done.

It's hard work. But that's also why they're successful where others are not.

It's why these young people we honor today are here. We can all learn something from them about what it takes to transform an idea from a concept to a finished product on a store shelf.

Thank you all for being part of looking ahead. For working both to envision a brighter economic future, and for rolling up your sleeves to make it happen. May God bless you and your families.

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